

Message Text

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ACTION AF-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05
CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-08 FPC-01
H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04
USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07
PA-01 PRS-01 /121 W
-----120921Z 020868 /10

R 111556Z FEB 77
FM AMEMBASSY LAGOS
TO SECSTATE WASHDC 9261
INFO AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY TEHRAN

C O N F I D E N T I A L LAGOS 1663

E.O. 11652: GDS
TAGS: ENRG, PFOR, IR, US
SUBJECT: IRANIAN CONCERN OVER TWO-TIER OPEC PRICE

REF: A) TEHRAN 0734; B) 76 TEHRAN 12857; C) KUWAIT 0659;
D) LONDON 02109; E) LONDON 01073

1. WIDESPREAD CONCERN OF GOVERNMENT OF IRAN WITH EFFECTS
OT TWO-TIER PRICE SYSTEM WHICH APPARENT FROM REFTELS WAS
REFLECTED IN COMMENTS MADE BY IRANIAN AMBASSADOR TO NIGERIA,
SHAHROKH FIROUZ, AT PRIVATE DINNER HE RECENTLY GAVE TO WHICH
HE INVITED EMBASSY PETROLEUM OFFICER.

2. FIROUZ APPEARED QUITE WORRIED BY DECLINE IN CRUDE EXPORT
SALES, WHICH HE PUT AT 40 PERCENT. WHEN FLURRY OF DIPLOMATIC
CONSULTATIONS AMONG GULF STATES RE POSSIBLE OPEC COMPROMISE
WAS MENTIONED, HE RUEFULLY OBSERVED QUOTE WE'VE BEEN LEFT
OUT UNQUOTE. FIROUZ STATED FRANKLY THAT BY PUBLICLY STAKING
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OUT ITS POSITION PRIOR TO OPEC MEETING, IRAN HAD GONE
OUT ON LIMB AND FOR SAKE OF PRESTIGE NOW UNABLE RETREAT.

3. DURING DISCUSSION POSSIBLE COMPROMISE SOLUTIONS OF
TWO-TIER PROBLEM, FIROUZ INDICATED GOI WOULD WELCOME AGREEMENT
TO ABANDON EXTRA FIVE PERCENT HIKE IN JULY IN RETURN FOR
AGREEMENT BY SAUDI ARABIA TO RAISE PRICE AT THAT TIME TO

TEN PERCENT LEVEL ADOPTED BY OPEC ELEVEN. FIROUZ THOUGHT SAUDIS MIGHT BE ABLE JUSTIFY THIS ON GROUNDS THAT US ECONOMY APPEARED TO BE COMING OUT OF TEMPORARY PAUSE TO WHICH USG HAD REFERRED IN SUPPORT OF ITS OPPOSITION TO PRICE HIKE.

4. FIROUZ DISMISSED OUT OF HAND IDEA THAT SAUDI PRICE DECISION WAS BASED ON ANY GENUINE CONCERN FOR POSSIBLE EMERGENCE OF COMMUNIST REGIMES IN EUROPE. HE CONVINCED SAUDI DECISION HINGED ON EXPECTATION OF REWARD FROM USG IN FORM OF PROGRESS ON MIDDLE-EAST PEACE, AND EQUALLY CONVINCED THAT NO US ADMINISTRATION COULD ACT CONTRARY TO PRO-ISRAEL LOBBY IN US IN SUFFICIENTLY TIMELY OR MEANINGFUL WAY TO SATISY SAUDI DESIRES. FIROUZ PLACED PARTICULAR EMPHASIS ON STATEMENTS MADE BY PRESIDENT CARTER IN CAMPAIGN DEBATES WITH FORD STRESSING NEED FOR USG TO SUPPORT ITS ALLY ISRAEL.

5. IN HURT TONE, FIROUZ OBSERVED THAT WHILE GREANSSTRESS BEING LAID ON SAUDI CONCERN FOR COMMUNISM IN EUROPE, IRAN JUST AS ANTI-COMMUNIST AS SAUDI ARABIA IF NOT MORE SO. IRAN, HE SAID, CONSIDERS ITSELF FRIEND OF US, WITH WHOM IT HAS DEVELOPED STRONG COMMERCIAL TIES, AND DEPENDS ON US AS MODEL FOR ITS DEVELOPMENT. IN THIS SPIRIT, IRAN WHOLEHEARTEDLY ACCEPTS HUGE INFLUX OF AMERICAN FAMILIES CONNECTED WITH LARGE NEW US INVESTMENTS (THIS STATEMENT MADE WITH REFERENCE TO PREVIOUS DISCUSSION OF WHETHER SUCH INFLUX IN PLACES LIKE ISFAHAN MIGHT INVOLVE RISK OF CULTURAL CLASHES THAT COULD STRAIN FUTURE US-IRANIAN

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RELATIONS). FIROUZ POINTED OUT IRAN HELPED US BY NOT JOINING ARAB OIL EMBARGO. HE CONCLUDED BY SAYING IRAN NEEDS EVERY CENT OF REVENUE IT CAN GET, SPENDS MOST OF ITS REVENUE IN US, AND SPENDS IT FOR PURPOSES WITH WHICH USG OUGHT TO BE IN FULL AGREEMENT.

6. BELIEVE ABOVE COMMENTS INTERESTING INDICATOR THAT IRAN, FEELING ISOLATED AND BOXED IN, MAY BE ATTEMPTING EXTEND FEELERS IN EFFORT RESTORE MORE SYMPATHETIC RELATIONS WITH US.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, PETROLEUM, PRICE INDEXES, AMBASSADORS
Control Number: n/a
Copy: SINGLE
Sent Date: 11-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977LAGOS01663
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770050-1104
Format: TEL
From: LAGOS
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770250/aaaabsku.tel
Line Count: 108
Litigation Code IDs:
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6ff3f5c7-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 TEHRAN 734, 76 TEHRAN 12857, 77 KUWAIT 659
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 04-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3344608
Secure: OPEN
Status: NATIVE
Subject: IRANIAN CONCERN OVER TWO-TIER OPEC PRICE
TAGS: ENRG, PFOR, IR, US, OPEC, (FIROUZ, SHAHROKH)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/6ff3f5c7-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009